



State of Utah  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt  
Governor

Kathleen Clarke  
Executive Director

Lowell P. Braxton  
Division Director

1594 West North Temple, Suite 1210

PO Box 145801

Salt Lake City, Utah 84114-5801

801-538-5340

801-359-3940 (Fax)

801-538-7223 (TDD)

February 6, 2002

CERTIFIED RETURN RECEIPT

7099 3400 0016 8896 4097

Frank Fossey  
Rio Algom Mining Corporation  
LaSal Route  
P. O. Box 1269  
Moab, Utah 84532-1269

Re: Reclamation Surety, Lisbon Mine, M/037/001, San Juan County, Utah

Dear Mr. Fossey:

During a recent review of the status of our reclamation surety records, we discovered that the original \$25,000.00 (First Security Bank - Escrow Account reclamation surety, posted by Rio Algom for the Lisbon Mine, may no longer exist. This deficiency was discovered while trying to cross-reference older First Security Bank account numbers with newer Wells Fargo Bank account numbers. Wells Fargo Bank recently acquired all First Security accounts through a bank merger.

The main Salt Lake City, Wells Fargo branch office has no record of a \$25,000.00 escrow savings account for Rio Algom Mining Corporation. This account was originally set up as reclamation surety for the Lisbon Mine in 1980. The latest statement we have is dated November 25, 1992. There was \$40,409.55 in the escrow account at First Security Bank at that time. Since then, no additional account balance information has been received by this office.

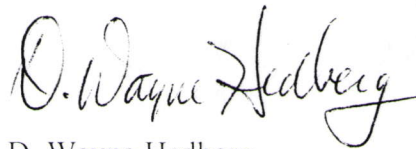
We show no record of receiving a request for release of funds, or any formal authorization to the bank granting a release of the funds from the escrow account.

Title 40-8-14(5) of the Utah Mined Land Reclamation Act and Minerals Rule R647-4-113(5), require the operator to maintain a sufficient reclamation surety until released in part, or in its entirety by the Division. We require that you provide us with proof that adequate reclamation surety is still in place, or a plan to restore the surety within 30 days of your receipt of this certified letter.

Page 2  
Frank Fossey  
M/037/001  
February 6, 2002

Thank you for your immediate assistance and attention to this matter. If you have questions in this regard, please contact me at (801) 538-5286 or Amber Fortner at (801) 538-5437.

Sincerely,

A handwritten signature in cursive script that reads "D. Wayne Hedberg". The signature is written in dark ink and is positioned above the printed name and title.

D. Wayne Hedberg  
Permit Supervisor  
Minerals Regulatory Program

cc: Megan Whipple, Wells Fargo Bank, 79 S. Main, SLC, UT  
M37-01-surety-ltr.doc